

BOARD OF DIRECTORS – ACTION SUMMARY
Wednesday, February 23, 2005 – 6:00 p.m.

Administration Building
2101 Hurley Way, Sacramento, CA

CALL TO ORDER

The meeting was called to order by President Granados. Board Members present: Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley. Directors Engellenner and Jones, absent. Staff: Deputy Chief Latta, General Counsel Price, Board Clerk Tilson.

PLEDGE TO FLAG

PUBLIC OPPORTUNITY TO DISCUSS MATTERS OF PUBLIC INTEREST WITHIN DISTRICT JURISDICTION INCLUDING ITEMS ON OR NOT ON THE AGENDA

CONSENT AGENDA:

1. Board Meeting Action Summary—February 9, 2005

- **Board Action:**
Goold/Duveneck—approve the Consent Agenda. Directors Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellenner and Jones, absent. Motion carried.

ACTION ITEM(S)

1. Pension Funding Bonds – Early Payoff Policy—(Appel)

- A three-page policy was submitted by staff accompanied by an explanation of the calculations and spreadsheet illustrating plans for early payoff of the pension funding bonds.

A presentation was given to the Board at its meeting on January 26, 2005.

The funds from the sale of the bonds have been distributed to both CalPERS and SCERS.

This policy outlines the process for applying cost reductions in the CalPERS “normal contribution rate” toward paying off the Series 2004 Pension Funding Bonds at their earliest possible dates, thus maximizing savings in District operations and reducing future financial liabilities.

- The Finance Committee reviewed the policy and was in support.

- Staff developed the two percentages shown in the policy as a benchmark predicated on the amount of revenues received.
- Staff recommends adoption of the policy.
- **Board Action:**
Goold/Kelly—adopt the staff recommendation relative to the policy. Directors Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellenner and Jones, absent. Motion carried.

2. Country Hill School Annexation to Citrus Heights Water District – LAFCo (13-04)—(Appel)

- No adverse impact on the District.
- Staff recommends the Board go on record in support of the proposed annexation of territory under Sacramento LAFCo Application (13-04) into the Citrus Heights Water District and direct staff to prepare a communiqué to Sacramento LAFCo to that effect.
- **Board Action:**
Valley/Lawson—approve the staff recommendation. Directors Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellenner and Jones, absent. Motion carried.

3. Logistics Technician Vacancy—(Means)

- Due to the District's Nepotism Policy, Board approval is needed to fill the Logistics Technician vacancy.
- There is an established ranked eligibility list and the individual that is up next on the list is the son of the Manager of the Logistics Division.
- The policy provides that exceptions may be approved for such employment at the sole discretion of the Board of Directors and the Fire Chief.
- A copy of the Nepotism Policy No. 303.01 was distributed to the Board.
- Following careful consideration of all facts presented, a majority of the Board upheld the policy and was not in support of a direct supervisor/subordinate relationship between related employees.

- Deputy Chief Means stated in view of this recommendation, the District will go on to the next candidate after this individual and offer that person employment.
- **Board Action:**
Goold/Trujillo—accept the staff recommendation to move on to the next candidate. Directors Duveneck, Goold, Granados, Kelly, Trujillo, Valley, AYE. Director Lawson, abstained. Directors Engellenner and Jones, absent. Motion carried.

President Granados requested that Counsel Price research this for clarification of the policy to avoid this specific issue in the future.

4. Resolution No. 14-05 – Surplus Vehicle Designation—(Ritter)

- The Vehicle Replacement Master Plan approved by the Board has established the authorized number of vehicles in all categories.
- The District has purchased numerous vehicles from this fiscal year's budget and currently exceeds the authorized vehicle limit.
- The 14 vehicles listed are recommended for removal from the fleet due to age, safety concerns, maintenance costs, and/or mechanical condition.
- Staff recommends the Board adopt the Resolution declaring the 14 vehicles as surplus. Once adopted, steps will be taken to sell/donate the vehicles through appropriate means.
- **Board Action:**
Goold/Duveneck—adopt the Resolution. Directors Duveneck, Goold, Granados, Kelly, Lawson, Trujillo, Valley, AYE. Directors Engellenner and Jones, absent. Motion carried.

5. Audit Request for FY Ending June 30, 2004—(Trujillo)

- Director Trujillo stated the Policy Committee at its meeting yesterday supported a Phase 2 of the audit with direction to find out information on costs related to questions submitted by Directors.
- President Granados stated since the 2004 audit is due by mid-March in compliance with the pension obligation bond requirements, the committee considered a Phase 2 on the issues raised. Mr. Matré was unavailable tonight but will present the audit standards outline requested by Director Lawson and the cost to do this audit at the Board meeting on March 9.

- Discussion included concern on spending \$100,000 or more for a separate audit; Board obligation to constituency to review areas for possible cost-savings; develop a policy establishing criteria for the triggering of an additional non-mandatory audit.
- Director Duveneck felt the questions raised were heavily focused on the helicopter program.

Pat Monahan, Vice President of Local 522, clarified the fact that the Union supports the helicopter program – it enhances service to the community and assists personnel working on wildland fires. There is no intent to focus on any specific program or person.

Karen Klinger spoke in support of the helicopter program.

- **Board Action:**
General consensus to table the issue to the next meeting and divide the 2004 audit into Phase 1 and Phase 2.

PRESENTATION ITEM (S)

1. **Proposed Legislation to Eliminate Defined Benefits Retirement Plan—(Appel)**

- A two-page staff report was submitted with four attachments to include Assembly Constitutional Amendment No. 1 proposed by Assembly Member Richman; CalPERS Fast Facts on the myths and realities of Defined Benefit and Defined Contribution Plans; Gabriel, Roeder, Smith & Company List of Advantages and Disadvantages for DB and DC Plans; and CSDA Member's Section on New Way to Calculate Pensions Sought.
- Both CalPERS and SCERS are a Defined Benefit Plan. The State and private citizens are proposing to change the Defined Benefit (DB) Plan to a Defined Contribution (DC) Plan and place a measure on a 2006 ballot that, if passed, would eliminate "Defined Benefit" retirement plans for public employees hired on or after July 1, 2007.
- Changing public employee's Pension programs to a "Defined Contribution" plan could have significant adverse impacts on Metro Fire in the area of recruitment and retention of Firefighters. Firefighters injured in the line of duty receive a mandatory retirement, which is not available with "Defined Contribution" plans. The District would have to consider covering its personnel under Social Security to provide disability benefit protection, adding additional cost to both the District and employees.

- District staff will be working with CalPERS and SCERS in exploring options to address the rising concerns surrounding public employee pension programs, including but not limited to reevaluating employment classifications that currently qualify for “Safety” membership.
- General consensus of the Board in support of sending a strong letter to the legislature in opposition to a “Defined Contribution” plan pointing out the impact on this District and in support of maintaining a “Defined Benefit” plan. Further recommendation for a Resolution and formal policy to protect District personnel.

2. Proposed Legislation to Reduce the Voter Threshold Required to Approve a Special Tax—(Appel)

- Current provisions of California Constitution require a two-thirds voter approval to implement a Special Tax, but only a simple majority vote to approve a General Tax.
- “Special Tax” means any tax imposed for specific purposes, including a tax imposed for specific purposes which is placed into a general fund.
- “General Tax” means any tax imposed for general governmental purposes.
- Assembly Constitutional Amendment 7 (ACA 7) introduced by Assembly Member Nation on December 6, 2004, proposes to place an initiative on a 2006 ballot that would reduce the threshold for voter approval of a Special Tax from its current two-thirds to 55% of those voting on the issue.
- Options that enable the potential for future stable funding sources should be looked upon with favor.

General consensus of the Board in favor of the proposed legislation.

- Karen Klinger expressed concern on any new taxes.

Tricia Towne was informed that any special tax proposal would have to be placed on the ballot for voter approval.

Further clarification was provided that this is strictly an informational item on this proposed legislation and not a proposal by the Board.

3. Deferred Compensation Plan Update—(Matt Reyman)

- Firefighter Reyman, Vice Chair of the Deferred Compensation Committee, distributed Addendum A containing the 2005 Statistics in addition to the one-page Annual Update Report on the activities and progress of the Deferred Compensation Program.
- Nine-Member Deferred Compensation Committee members:
Bob Baumann, Ernest Kidwell, Matt McGrew, Joe Mufich, Jim Newcomer, Matt Reyman, Troy Simonick-Chair, Dave Smith, Mike Spaich (present)
- Regular functions during the year include reviewing and updating the Investment Policy, all core funds for performance, Fund Watch List; holding new officer elections, and reviewing our Third Party Administrator's (VALIC) performance.
- Current statistics include:
 - 519 of 781 eligible employees currently contribute to the program
 - Average monthly deferral is \$653.54
 - Combined sustainable monthly deferral is over \$300,000
 - Since contracting with VALIC, 42 loans were provided to participants
 - 227 employees enrolled in the Guided Portfolio Service (GPS)
 - Total assets in 2004 grew from \$41,767,711.14 to \$46,277,749.66
 - Total of 10.79% growth including ongoing contributions
 - Total Assets as of 2-23-05 \$47,457,082.43

4. Update on Strategic Goals for 2005—(Granados)

President Granados and Fire Chief Martinez condensed the goals discussed at the January 22 Board Workshop into specific objectives combined together and assigned to committees, as follows:

Priority One

- Development of a Planning Division (City/Business Services)
Executive Committee –
Estimated Timeframe to start Spring 05 (Completion 24-36 months)
 - Rancho Cordova-East End and Vineyard Developments
 - *Participation of Board appointed Ad hoc committee of stakeholders – proposed addition by Director Goold. It was determined that the Executive Committee and staff work together and define the scope.*

Priority One (continued)

- Develop Comprehensive Fiscal Management Policy
Finance Committee –
Estimated Timeframe-Start now and Report Summer 2005

Elements of Plan

- Facility Financing Plan
 - Facility Master Plan
 - Adjustment of District Fees for Service
 - Outside Auditor's Review of Practices and Activities
 - *Establish percentage of budget for staff cost – proposed addition by Director Duveneck*
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- Leadership Transition Guiding Documents/Fire Chief Job Description
Policy Committee –
 - Succession Planning/Line of Succession
-
- Policy Future Consolidations/Fire Regionalization
Executive Committee – Timeframe TBA
 - Annexation of District Areas by Cities of Sacramento, Folsom, Rancho Cordova
 - Examine Mutual Aid Policy
 - Organization Structure and Staffing Document
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- Follow up on Recommended Organizational Development Strategies
Executive Committee –
Start March 2005
 - Examine Method/Policy for Board Member Use of Outside Counsel
-
- Board Members Legal Briefing Once per Year by Counsel (Brown Act)
General Counsel Price
End of May 2005

Priority Two

- EMS Service Levels
-
- Establish Performance Review Process
Staff/Labor Meet and Confer Item
-
- Joint Labor Management Committee Formalization
Staff/Labor Meet and Confer Item
-
- Improve Intergovernmental and Key Official Relations
Executive Committee –
Timeframe TBA

Priority Three

- New Radio Communications System –
Comm Center JPA Delegate—Director Engellenner

Not Ranked

- Reconfiguration of Board of Directors/Reapportionment of Division Lines
(This is done in conjunction with the Federal Census and in the event of Reorganization)

Status of Year 2004 Items

- Annexation (Covered under 2005 goals-Annexations/Organization Plan)
- Ambulance Revenue Decline (Covered under 2005 Goals-Develop Comprehensive Fiscal Management Policy)
- Ideas for Countering Redevelopment Tax Void (Non-issue due to Prop 1A)
- Line of Succession (Covered under 2005 goals-Leadership Transition Guiding Documents)
- Fire Station Project Milestones (Covered under 2005 Facilities Master Plan)
- Budget (Covered under 2005 goals-Develop Comprehensive Fiscal Management Policy)
- Monitor Real Property Purchase (Covered under 2005 goals-Develop Comprehensive Fiscal Management Policy)
- Rosemont Annexation (Covered under 2005 goals-Future Annexations and Organization/Staffing)

Year 2004 Outstanding Goals:

- Chief Deputy Position
 - Employee Survey
 - District Annual Report
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- Committees to work with staff and report back in a workshop to the full Board.
 - Director Lawson supported the presentation and wanted to make sure the Joint/Labor Management discussion is pushed forward.
 - At the request of President Granados, there was a general Consensus of the Board that the Annual Report be prepared by the District as an ongoing project and not an Objective.
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- **Board Action:**
Board President and Fire Chief to review the issues discussed and agendaize the 2005 Strategic Objectives for adoption at the next meeting.

PRESIDENT'S REPORT—(Granados)

- Executive Committee Meeting March 9, 2005 at 11:00 a.m.
- Aerojet signed a 42-year mining agreement for aggregate with Granite Construction Company on 12,000 acres. Will be at Granite Construction Company tomorrow and involved with the City of Rancho Cordova in acquiring a mining permit.

FIRE CHIEF'S REPORT—(Deputy Chief Latta)

- Recruit Academy started Monday. 25 new recruits for the 16-week academy: 18–Paramedics, 7–Basic Life Support

GENERAL COUNSEL'S REPORT – None**COMMITTEE AND DELEGATE REPORTS:****Executive Committee—(Granados)**

- Next meeting: March 9, 2005 – 11:00 AM

Communications Center Delegate—(Engellenner)

- Next meeting: March 29, 2005 – 10:30 AM

California Fire & Rescue Training Authority—(Goold)

- Next meeting: March 11, 2005 – 1:30 PM

Finance Committee—(Kelly)

- Received presentation on today's meeting.
- Next meeting: March 23, 2005 – 5:00 p.m.

Policy Committee—(Trujillo)

- Received presentation on meeting held yesterday.
- Next meeting: March 9, 2005 – 5:00 p.m.

CLOSED SESSION 8:30 PM**RECONVENE TO OPEN SESSION 8:37 PM**

Report by General Counsel Price:

1. CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION

Pursuant to California Government Code Section 54956.9(a) – One (1) Case

Randy Clover vs Sacramento Metropolitan Fire District
WCAB SAC 0330592

The Board discussed the case and provided settlement authority to the Workers' Compensation counsel. If and when a settlement is effectuated, the terms of the settlement will be reported at the next public meeting.

BOARD MEMBER QUESTIONS AND COMMENTS:**Valley:**

- Fortunate in our area in comparison to Southern California and the closer to home tornado in Natomas and West Sacramento. Our District is on the right track and hopefully we don't have to use our resources for this type of occurrence.

Lawson:

- He and Director Kelly attended a Governance Seminar two weeks ago. Focal point was the changes in legislative concepts. Feels Metro Fire sets the standards in many cases and is very comfortable working with our Directors.
- Thanked Assistant Chief Cantelme for the call volume statistics for the stations in his area.
- Attending the monthly breakfast meetings of Supervisor Roberta MacGlashan in his area. Encouraged Directors to attend community meetings.

Trujillo:

- Commended the Firefighters for an outstanding job on the Fill-the-Boot Event for the Burn Center.
- Welcomed the District's new Financial Analyst, Theresa Whitcomb.
- Invitation to a fundraising event for V.A.R.K., April 9, 2005, from 11 a.m. to 4 p.m., hosted by the Orangevale Grange at 5807 Walnut Avenue. It is a non-profit organization helping unfortunate animals that have been rescued or injured due to neglect and/or abuse. Engine to participate along with the CHP and a canine unit exhibition.

Kelly:

- Extended an invitation to attend the Meadowview Community Center for Snow Day this weekend, an event for the young people. Hot dog cookout, engine from the City to melt the snow after the event.

Granados:

- Thanked the Board members for moving the Goals forward.

ADJOURNMENT – Meeting adjourned at 8:45 p.m.

Gregory A. Granados, President

Matt Kelly, Secretary

Charlotte Tilson, Clerk of the Board